**Paraplanning Knowledge Test**

**Pensions & Drawdown**

1. What is Flexi-access drawdown and how does it differ from Capped Drawdown?
2. Explain the current death benefit regime for an uncrystallised personal pension
3. where the plan holder dies aged 72
4. How does this differ if the plan holder dies aged 84?
5. What is the current standard lifetime and annual allowance? And what are the tax implications if these are breached?
6. A client retired with a defined benefit pension in September 2017, receiving a tax-free sum of £100,000 and an annual pension of £25,000 per annum. How much of her standard lifetime allowance is she deemed to have used?
7. For the current tax year 2017/18, what is the **maximum** pension contribution Bill can make without incurring an annual allowance charge?

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| --- | --- | --- |
| **Year** | **Annual Allowance** | **Contributions** |
| 2017/18 | £40,000 | ? |
| 2016/17 | £40,000 | £30,000 |
| 2015/16 | £40,000 | £40,000 |
| 2014/15 | £40,000 | £30,000 |
| 2013/14 | £50,000 | £0 |
| 2012/13 | £50,000 | £0 |

**Investment Bonds**

1. Explain what is meant by the term ‘top-slicing’?
2. Explain the taxation differences for the investor of onshore and offshore single premium investment bonds
3. A client invests £10,000 into an onshore bond 10 years ago, has not taken any withdrawals and now wishes to surrender the plan. The surrender value is £20,000. Explain what the tax liability will be and calculate whether any additional tax is to be paid. The client is a 40% taxpayer.

**Life Assurance**

1. What are the benefits of writing a life assurance plan in trust?
2. What is the surrender value of a decreasing term assurance policy cancelled before the maturity date?

**Taxation**

1. Dave, a higher rate taxpayer bought £20,000 of shares in a quoted company, and subsequently sold them on 7 May 2016 for £100,000. What is his capital gains tax liability?
2. What is a Potentially Exempt Transfer and what might you consider as a means of ensuring no tax liability arises on death?
3. Erica dies having inherited her husband’s nil rate band. Her net estate is valued at £1.5M. How much inheritance tax is due?